

MAKHADO LOCAL MUNICIPALITY



FINAL ANNUAL BUDGET 2014/2015_2016/2017 FINANCIAL YEAR

AND

INTEGRATED DEVELOPMENT PLAN (IDP) 2014/2015

29 MAY 2014

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BUDGET CONTENT AND FORMAT – SUPPORTING DOCUMENTATION: BUDGET FOR 2014/2015 TO 2016/2017

1.1 Mayor's Report

- The mayor's report will be furnished after the Budget Speech.

1.2 Resolution

MAKHADO LOCAL MUNICIPALITY

OFFICE OF THE DIRECTOR CORPORATE SUPPORT AND SHARED SERVICES

MINUTES OF THE NINETIETH (90TH) SPECIAL COUNCIL MEETING OF MAKHADO MUNICIPALITY WHICH WAS HELD ON THURSDAY, 29 MAY 2014 IN THE COUNCIL CHAMBER, CIVIC CENTRE, KROGH STREET, MAKHADO AT 14:00.

PRESENT

Councillors

BALOYI, S R
BALOYI, N B
CHILILO, N F
DAVHANA, D
GABARA, M J
HLABIOA, M M
HLUNGWANE, F B
HLUNGWANI, K A
KUTAMA, N
LERULE-RAMAKHANYA, M M
LUDERE, R
LUDUVHUNGU, V S
MACHETE, M S
MADAVHU, F F
MADZHIGA, F N
MADZIVHANDILA, M R
MAFHALA, N A
MAGADA, M R
MAHLADISA S V
MAKHUVHA, V S
MALANGE, R
MALIMA, M E
MAMAFHA, T C
MAMAFHA, T J
MAMATSIARI, M S
MAMOROBELA, T P
MAPHAHLA, A Z
MAPHALA, O S
MASHIMBYE, P F
MASUKA, S
MATHALISE, L M
MATHAVHA, F F
MATHOMA, M P
MATODZI, A M
MATUMBA, M T

MMBADI, T A
MOGALE, L B
MPASHE, M
MTHOMBENI, S Z
MUKHAHA, A J
MUKHARI, M F
MULOVHEDZI, M D
MUNYAI, N S
MUTAVHATSINDI, F D
MUTELE, T M
NDWAMMBI, M T
NDZOVELA, N G
NELUVHOLA, A T
NEMAFHOHONI, M G
NETSHIVHULANA, T P
NGOBENI, N E
NKANYANE, R G
RAMUDZULI, S D
RASIMPHI, M P
RATSHIKUNI, D T
RATSHIVHOMBELA, M Q
REKHOTSO, S M
RIKHOTSO, F J
SELEPE, M R
THANDAVATHU, R
TSHAVHUYO, T G
TSHILAMBYANA, M S

Traditional Leaders

KHOSI R H SINTHUMULE

Officials

I P MUTSHINYALI	(MUNICIPAL MANAGER)
M P MAKHUBELA	(CHIEF FINANCIAL OFFICER)
M D SINTHUMULE	(DIRECTOR DEVELOPMENT & PLANNING)
N C KHARIDZHA	(ACTING DIRECTOR CORPORATE SERVICES)
M D MUNYAI	(ADMINISTRATIVE OFFICER: COMMITTEES)

Also Present

MR K M MOLOKOMME (MAGISTRATE OF MAKHADO)

1. OPENING

The Speaker, Cllr L B Mogale ruled that a minute of silence be observed for meditation and prayer, where after she declared the meeting officially opened.

2. APPLICATION FOR LEAVE OF ABSENCE

RESOLVED –

THAT leave of absence be granted in terms of the provisions of Rule 5 of the Council's Rules and Orders published under Provincial Gazette Notice no. 1391 dated 31 August 2007 in respect of the Special Council meeting held on 29 May 2014 to Cllrs N P Balibali, A du Plooy, M P Mazibuko, T M Malange, S M Sinyosi and J P Underwood.

REMARK:

The following Councillors and Traditional Leaders were not present at the meeting:

- 2.1 Cllrs E H Ludere, M G Mahani, N J Matumba, M D Mboyi, T S Mudau, R T Makhubele and M J Shandukani.
- 2.2 Khosi S A Mulima, Khosi M W Netsianda, Khosi N T L Mashamba, Hosi M S Bungeni, Khosi M C Masakona, Hosi H N Majosi, Khosi T P Nesengani, Hosi S T Mukhari, Hosi J Baloyi, Khosi V C Ramabulana, Khosi T R V Mashau, Khosi M A Madzivhandila and Hosi T J Mukhari.

3. OFFICIAL ANNOUNCEMENTS

- 3.1 The Speaker, Cllr L B Mogale announced that Mr K M Molokomme, Magistrate from Makhado would officiate the Ceremony to have the newly elected proportional councillor, Cllr Masilo Mpashe, sworn in. She then called on him to proceed with the ceremony.

Mr K M Molokomme, Magistrate (Makhado) conducted the ceremony of declaration for the Oath of Solemn Affirmation by Councillor M Mpashe, as follows:



“Oath

I, Mr M Mpashe swear that I will be faithful to the Republic of South Africa and will obey, respect and uphold the Constitution and all other laws of the Republic of South Africa, and I solemnly promise to perform my functions and duties as a councillor of Makhado Local Municipality to the best of my ability. So help me God.”

The duly signed Oath of Solemn Affirmation was filed in Council’s official records.

4. PROPOSALS OF CONDOLENCE OR CONGRATULATIONS BY THE SPEAKER

None

5. PROPOSALS OF CONDOLENCE OR CONGRATULATIONS BY OTHER COUNCILLORS

- 5.1 Cllr T P Mamorobela proposed congratulations to the former Municipal Manager of Makhado Local Municipality, Ms Faith Muthambi, who had been appointed Minister of Communications.
- 5.2 Cllr R Thandavhathu proposed condolences to the bereaved family of Mr Shakes Kungwane, a former Kaizer Chiefs player who died on Wednesday, 28 May 2014, and also proposed condolences to the family of Dr Maya Angelos, a Renaissance Woman and friend of the late Dr Nelson Mandela, who passed away at the age of 86 when she was set to be honoured with the Beacon of Hope award.
- 5.3 Cllr M G Nemafohoni proposed congratulations to Chief Thifhindulwi Abraham Ramavhoya of Ramavhoya Village with his new installation on Friday, 23 May 2014.
- 5.4 Cllr N D Davhana proposed congratulations to the former Chief Whip of Makhado Municipality, Mr Moses Tseli, who was elected Member of Parliament on 7 May 2014.
- 5.5 Cllr N Kutama proposed congratulations to Ms Lindiwe Mazibuko for resigning as Democratic Alliance Parliamentary member.
- 5.6 Cllr F N Madzhiga proposed congratulations to one of the oldest ladies in the world, Ms Mutangwa Mukwevho for casting her vote correctly. She is 140 years of age.
- 5.7 Cllr S Masuka proposed congratulations to the African National Congress for winning the National Democratic Elections on Wednesday, 7 May 2014; he further proposed congratulations to the President of the Country, Mr Jacob Zuma, and the African National



Congress, who were given a mandate to lead for another term of five years.

- 5.8 Cllr R S Baloyi proposed congratulations to Portfolio Head of Sports, Cllr R Thandavhathu and Makhado Netball Team for being the runner-up on IMSSA Provincial Games that was held at Thulamela on Saturday, 17 May 2014.
- 5.9 Cllr M Mpashe proposed congratulations to the Democratic Alliance Party for retaining Ward 5 at Lephalale with 80%; he further proposed congratulations to the Democratic Alliance Party for doing well in the National Elections on 7 May 2014 by winning more than 1,4 million votes.
- 5.10 Cllr F D Mutavhatsindi proposed congratulations to the former Regional Chairperson of the African National Congress in Vhembe District, Mr Falaza Mdaka for being elected Chief Whip of Limpopo Legislature; he also proposed congratulations to Ms Meriam Ramadwa for being elected Speaker of the Legislature, and to Mr J Ndou for being elected MEC of Public Works and Roads, T Nwendamutswu for being elected MEC of Education and Ms N Ndalani for being elected MEC of Sports, Arts and Culture. He further proposed congratulations to Cllr P F Mashimbye the Secretary of ANC Makhado Sub-Region for conducting the National and Provincial elections in the Sub-region successfully. In Ward 5 the African National Congress beat the Democratic Alliance by more than 2000 votes and in Ward 21, African National Congress beat Democratic Alliance by more than 700 votes.

6. **MATTERS CONSIDERED:**

Resolutions of the Council in terms of section 59 (1) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000): 90th Special Council Meeting: 29 May 2014

The report of the 349th Executive Committee meeting held on 16 May 2014.

The report of the 350th Executive Committee meeting held on 22 May 2014.

The report of the 351st Executive Committee meeting held on 29 May 2014.

(REMARK: Item A.57.24.07.14 will be considered at the ordinary Council meeting to be held on 24 July 2014)



ITEM A.66.29.05.14

**FINANCES: FINAL CAPITAL AND OPERATIONAL ESTIMATES 2014/2015 TO 2016/2017 FINANCIAL YEAR
(6/1/1 (2014/2015))**

RESOLVED A.66.29.05.14 -

1. THAT the final Capital and Operational Estimates for the 2014/2015 financial year as more fully recorded in Annexure A and B attached to the report in this regard be approved and that the Accounting Officer proceeds with the publication of the final Annual Budget as purposed in section 22 of the Local Government: Municipal Finance Management Act, No 56 of 2003, and the Regulations promulgated in terms thereof, subject to the following additions:
 - 1.1. An amount of R500 000 be provided for the design of the extension of municipal offices at Civic Centre, Makhado.
 - 1.2. Funds be provided for the construction of an official Mayoral residence in the 2014/15 financial year and the design be completed within the 2013/14 financial year.
 - 1.3. An amount of R500 000 be provided for the renovation of the building on the south eastern corner of Civic Centre premises which used to serve as dwelling for a Caretaker.
 - 1.4. An amount of R500 000 be provided for the demarcation of sites.
 - 1.5. An amount of R500 000 be provided for projects of Local Economic Development (LED).
2. THAT note be taken that the 2014/2015 budget related policies as approved in the draft annual budget on 27 March 2014 remain unchanged after public notification on 3 and 4 April 2014 and consultation processes, except with regard to Clause 39 of the Supply Chain Management Policy of which Clause 39 was amended as tabled at the meeting.
3. THAT note be taken that the amendment of the contents of the Property Rates By-law during the draft budget process remains unchanged after public notification on 3 and 4 April 2014 and consultation processes and that the necessary promulgation related to municipal property rates will be undertaken after 29 May 2014.

(CFO)

(CFO)

(CFO)



4. THAT it be noted that the 2014/2015 Estimates will after approval by the Council in terms of section 22 of the Municipal Finance Management Act, be submitted to National Treasury and the Provincial Treasury.

(CFO)

5. THAT the following 2014/2015 budget related policies and one by-law be approved as more fully set out in **Annexure C1 to C18** attached to the report in this regard -

Policies

- 5.1 Asset Management Policy
- 5.2 Borrowing Policy
- 5.3 Budget Policy
- 5.4 Credit Control and Debt Collection Policy
- 5.5 Debt Write Off Policy
- 5.6 Expenditure Management Policy
- 5.7 Framework for Cashflow Management
- 5.8 Funding and Reserves Policy
- 5.9 Investment Policy
- 5.10 Property Rates Policy
- 5.11 Revenue Management Policy
- 5.12 Subsidy for Indigent Household Policy
- 5.13 Supply Chain Management Policy
- 5.14 Tariff Policy Free Basic Services
- 5.15 Travel and Subsistence Policy
- 5.16 Virement Policy

By-Law

- 5.17 Property Rates By-Law

(CFO)

6. THAT the 2014/15 Tariffs for municipal services be approved and promulgated as more fully set out in Annexure D attached to the report in this regard.

(CFO)

7. THAT the Administrative Management submit a report at a next Executive Committee meeting pertaining to the financial status of the Municipality together with the progress report on the performance of the debt collector.

(CFO)



* * * * *

The meeting was closed and adjourned at 15:04.

Approved and confirmed in terms of the provisions of Clause 34 of the Rules and Orders, 2007 promulgated in Provincial Gazette No. 1391 of 31 August 2007 under Local Authority Notice 228, by a resolution of the Council passed at the meeting held on 24 July 2014.

MDM/lh/SpecialCouncilMinutes_90

(Remark: Council Minutes of the 90th Special Council meeting stands to be approved by Council at its meeting scheduled for 24 July 2014)

A handwritten signature in black ink, appearing to read 'M. Cardo'.

MANAGER: ADMINISTRATION AND COUNCIL SUPPORT
Department Corporate Services
6 June 2014



1.3 Executive Summary

Consultative process

The process for community consultation was done after the budget has been tabled by the Council on the 31st March 2014 and all inputs received from the community were taken into consideration before the finalization of the 2014/2015 Budget.

Alignment with national, provincial and district priorities

- 1.3.1 The National, provincial and district priorities will be gathered during consultative process and be integrated in the IDP of the Makhado Municipality and District Municipality.

Alignment with National and Provincial Government

- 1.3.1 Information-sharing will take place between the municipality and the national and provincial governments, in order to ensure integration.

1.3.2 PROPOSED TARIFF INCREASES

Proposed tariff increase on other services are as follows:

SERVICE	2014/2015	2015/2016	2016/2017
Electricity	7.39%	7.39%	7.39%
Property rates	5.3%	5.9%	5.5%
Other services	6.2%	5.9%	5.5%
Sundry tariffs	6.2%	5.9%	5.5%

Situational Analysis

1.3.1 Demography

The total population of Makhado has increased by about from 495 261 to 516 031 in 2011 (Based on the 2011 census outcome). The number of households have increased from 108 978 to 134 889 households (Census 2011) with about 225 059 registered voters. The Municipality is made up of 5 formal towns namely, Makhado, Vleifontein, Vuwani, Waterval and Dzanani with about 279 villages. The main administrative office is situated in Makhado town with three supporting regional administrative offices in Dzanani, Vuwani, and Waterval.

The municipality has 38 ward councillors and 37 proportional councillors. There are 14 traditional leaders who are ex-officio members of the municipal council and 10 councillors who are members of the executive committee. The Municipality also has 38 established and fully functional ward committees.



Quick Facts and Figures

Political Office Bearers and Municipal Manager	
Mayor	Cllr Mutavhatsindi FD
Speaker	Cllr Mogale LB
Chief Whip	Cllr Ludere R
Municipal Manager	Mr Mutshinyali IP
Service Delivery Backlogs as at 2012	
Population	516 031
Number of Households	134 889
Water Provision Backlog	40 635
Electricity Provision Backlog	21 192
Sanitation Backlog	86 036
Number of Households without refuse removal	88 252
Housing Backlog	16 807
Existing service Delivery Level	
Number of Voters	225 059
Indigent Households	24 464
Households Receiving free basic Electricity	18 592
Households Receiving free basic Water	129 224
Debts owed to the Municipality	R 131 633 892

Table 2.3.1: Quick Facts and figures

Mortality and Fertility

The information provided in this section is based on the information as recorded and provided by Department of Health. The table below reflects that 8335 children were born in 2011 and 1798 people died during the same year, this figures do not however reflect unrecorded incidences. The figures provided reflect the number of deaths and birth as recorded per Hospital within Makhado Municipality.

At best, the figures provide an indication of the correlation between mortality and birth. Therefore based on the provided figures it can be deduced that the ratio of deaths to births recorded is approximately 1:4. Another limitation to this information is that the Hospitals indicated below provide a District service and the recorded information might be inclusive of the mortality and birth statistics of people coming from elsewhere. (Refer to the Table Below)

Institution	Birth		Death	
	Male	Female	Male	Female
Louis Trichardt Memorial Hospital	807	726	145	106
Elim Hospital	1897	1803	452	460
Silaom Hospital	1404	1698	307	328

Table 2.3.2: Deaths and Births per Hospital for 2011

Source: Information provided by Department of Health, 2012

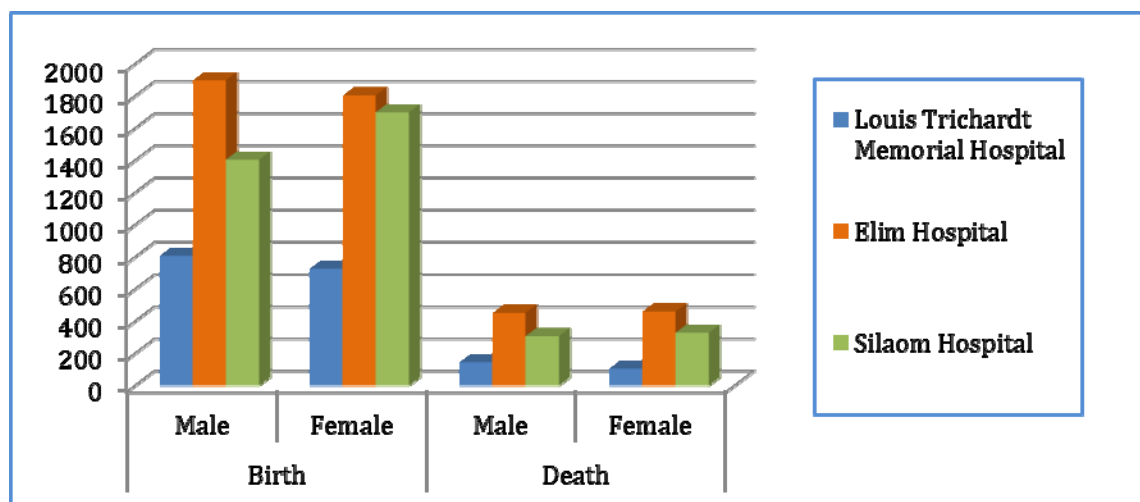


Figure 2.3.2: Deaths and Births per Hospital for 2011

Source: Information provided by Department of Health, 2012
(Own presentation and analysis)

Age Structure and Sex

Makhado Municipality is composed of 279 236 female and 236 795 male persons (Information source: Census 2011). The population has a youthful age structure and the immediate significance of this young age structure is that the population will grow rapidly in future and this implies a future high growth rate in the labour force. At present, the local economy is unable to provide sufficient employment opportunities to meet the needs of the economically active population. A youthful population structure also implies a relatively higher dependency ratio. From a socio-economic perspective, the main elements of the population can be summarised as follows:

Population Element	Percentage (%)
Economically active	46 %
Economically inactive	54%
Total	100%

The figures above clearly show the high percentage of the population that is economically inactive. This figure can be attributed to the high percentage of the population being under the age of 15, which per definition renders them economically inactive.

The largest percentage of the rural black population between the ages of 15 – 65 years comprises women. This can be attributed to the migration of men for employment opportunities elsewhere. The high level of male absenteeism implies that women are predominantly the key decision makers at home. The table below provides more details on age structure and sex.

Gender	Age Groups	Black African	Coloured	Indian or Asian	White	Other	Unspecified
Male	0 - 4	32201	63	103	311	11	-
	5 - 9	28248	40	77	350	3	-
	10 - 14	29439	38	66	351	10	-
	15 - 19	31171	47	59	352	34	-
	20 - 24	23887	57	91	308	102	-
	25 - 29	16560	49	124	374	102	-
	30 - 34	12706	50	143	405	42	-



35 - 39	10733	46	100	434	31	-
40 - 44	9397	47	90	428	17	-
45 - 49	8432	26	59	380	10	-
50 - 54	6662	30	40	394	3	-
55 - 59	5668	32	25	370	7	-
60 - 64	4277	14	36	289	4	-
65 - 69	3061	10	22	223	2	-
70 - 74	3060	13	13	143	2	-
75 - 79	1628	3	5	97	2	-
80 - 84	1274	7	5	53	1	-
85 +	1084	-	2	28	1	-
Female 0 - 4	31607	64	78	346	13	-
5 - 9	27715	43	76	333	12	-
10 - 14	27313	53	61	328	17	-
15 - 19	29646	52	49	275	11	-
20 - 24	23961	40	57	309	10	-
25 - 29	20177	38	65	368	11	-
30 - 34	17471	31	58	355	9	-
35 - 39	16215	45	60	422	9	-
40 - 44	14033	28	54	408	9	-
45 - 49	12897	30	43	366	7	-
50 - 54	11195	22	35	377	10	-
55 - 59	8816	29	40	335	6	-
60 - 64	6486	24	25	274	5	-
65 - 69	6079	13	28	234	-	-
70 - 74	5119	11	12	155	2	-
75 - 79	5493	8	11	136	2	-
80 - 84	4469	5	4	77	-	-
85 +	3941	6	3	68	2	-

Table 2.3.3: Age structure and Sex

Source: Stats SA 2011 National Census, www.statsa.co.za

Region of Birth

Gender	Region	Black African	Coloured	Indian or Asian	White	Other
Male	Born in South Africa	214753	462	510	4856	93
	SADC	6013	8	10	123	48
	Rest of Africa	232	2	43	12	144
	United Kingdom and Europe	2	-	3	26	-
	Asia	12	6	386	-	16
	North America	1	-	-	-	-
	Latin America and Caribbean	-	-	-	-	-
	Oceania	-	-	-	-	-



	Unspecified	8476	94	108	273	83
	Not applicabl	-	-	-	-	-
Female	Born in South Africa	264947	504	475	4784	95
	SADC	3430	11	13	137	13
	Rest of Africa	38	-	10	7	2
	United Kingdom and Europe	6	-	-	31	-
	United Kingdom and Europe	6	-	-	31	-
	Asia	5	1	213	2	2
	North America	-	-	-	-	-
	Latin America and Caribbean	-	-	-	1	-
	Oceania	1	-	-	2	-
	Unspecified	4207	25	50	202	21
	Not applicabl	-	-	-	-	-

Table 2.3.4: Region of Birth by Gender and Population Group

Source: Stats SA 2011 National Census, www.statsa.co.za

Dwelling Types

The following table reflects the main dwelling types found in Makhado Municipality. Traditional residential areas account for 87% percent of the total households followed by formal residential areas presumably those found in Makhado Town and the R293 Townships.

Emuneration Area	Houdeholds
Formal residential	9 336
Informal residential	97
Traditional residential	117 428
Farms	6 960
Parks and recreation	11
Collective living quarters	122
Industrial	205
Small holdings	0
Vacant	633
Commercial	97
Total	134 889

Table 2.3.5: Census 2011, dwelling type by population group of head of the household

Source: Stats SA 2011 National Census, www.statsa.co.za

Makhado Household Trends

According to the recent Census findings (Census 2011) the number of households in Makhado Municipality have risen by about 24% from 108 978 in 2001 to 134 889 in 2011.

Census 2001	Census 2011	Increase	Percentage Increase
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108 978	134 889	25 911	24%
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Table 2.3.6a: Census 2011, Number of household
Source: Stats SA 2011 National Census, www.statsa.co.za

The table below reflects the types of main dwelling present in Makhado Municipality. A total of 121 461 households in the Municipality are brick/concrete block structure on a separate stand or yard or on a farm.

Type of dwelling	Households
House or brick/concrete block structure on a separate stand or yard or on a farm	121 461
Traditional dwelling/hut/structure made of traditional materials	6 749
Flat or apartment in a block of flats	655
Cluster house in complex	215
Townhouse (semi-detached house in a complex)	168
Semi-detached house	432
House/flat/room in backyard	682
Informal dwelling (shack; in backyard)	1 737
Informal dwelling (shack; not in backyard; e.g. in an informal/squatter settlement or on a farm)	1 736
Room/flatlet on a property or larger dwelling/servants quarters/granny flat	337
Caravan/tent	139
Other	578

Table 2.3.6b: Census 2011, dwelling type by head of the household
Source: Stats SA 2011 National Census, www.statsa.co.za

1.3.2 Issues to be addressed

- ❖ The population growth rates tend to be much higher than the economic growth rate, which implies that the economy is not able to provide sufficient employment opportunities to absorb new entrants to the labour market.
- ❖ There is no accurate information on the past and current incidence of HIV/AIDS, but it can be assumed that it has increased significantly over the past 2 – 3 years, particularly so in the rural areas.
- ❖ Local communities do not have sufficient information on life threatening diseases, particularly HIV/AIDS.
- ❖ High child mortality levels are prevalent in the rural areas.
- ❖ The presence of immigrants is a growing problem.
- ❖ There is a lack of economic activity and investment in the area that can create employment opportunities.

Service delivery standards, levels of services, outcomes, timetable for achievement and financial implications



1.3..1.1 Challenges in respect of water and sanitation

The municipality has inadequate and fragmented water services provision with different standards and plans. The inadequate water provision implies that less water will be for agricultural, which is one of the pillars of the economy.

- ❖ Most of the pit latrines in the rural areas have not been properly constructed. A number of innovative systems are available on the market.
- ❖ Unauthorised water connection.
- ❖ The water systems are not metered and monitored on continual basis.
- ❖ The overall sanitation system needs improvement.
- ❖ There must be system to drain the full VIP toilets as a way to sustain the sanitation system..

Most rural areas do not have proper sanitation facilities and households have to construct their own pit latrines .About 66% or 66 048 households do not have sanitation at RDP standards.

1.3..1.2 Free Basic Water and Sanitation

The intention of the municipality's Free Basic Water Policy is to ensure that no one is completely denied access to water and sanitation supply because of not being able to pay for the service. The recipients of Free Basic Water are all metered households who are being billed as the universal approach policy is being used. However, for the Free Basic Sanitation, the poor households are targeted and receive an indigent subsidy monthly. An indigent register is kept and updated annually each households receives 50 unit per month.

1.3..2 Electricity Provision

Issues

About 22 000 households are without electricity.

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1.3..2.1 Free Basic Electricity (FBE) and Free Basic Energy

The municipality has a FBE policy that targets poor households. 50 units of electricity are given free to indigent households monthly. An indigent register of the households earning than R1 100 per month and or are unemployed is kept and is updated annually. About 19 340 indigent households in both Eskom and



council's licence areas are receiving FBE. A further 1 100 households who are using the Solar systems in areas where there is no electricity grid are receiving a Free Basic Energy subsidy amount. Even though most houses in the rural areas are electrified, some do not have the electricity appliances. Prepaid cards are not accessible to all villages.

1.3..3 Waste Management

The Louis Trichardt town, air force base and surrounding townships have proper waste management systems with sufficient capacity for at least the short to medium term. The waste disposal sites in the rural areas do not have permits and observations indicate that households in the rural areas usually burn their waste. The waste sites also contribute to the contamination of ground water.

The municipality is responsible for the operational maintenance of the waste management system that serves the community. The Provincial Department of Health is responsible for the licensing, operation and maintenance of those waste management systems that treat and dispose of medical waste.

The municipality is removes the waste once per week from the military air force base. The rural areas Kutama and Sinthumule are serviced with a rudimentary system comprising one team of (57) people that collected the waste three times per week. The municipality removes waste everyday in the Makhado town CBD. Illegal disposal of waste is currently a major challenge, which is also placing a strain on the natural environment.

Levels of rates, service charges and other fees and charges

A detailed schedule of all tariffs and charges for services is accompanying this document and is marked Annexure A

1.4 Annual budget tables

- Final Municipal Annual Budget and MTREF & Supporting Tables attached as annexure B
- Final Detailed Capital Budget for 2014/2015 to 2016/2017 financial years is attached as annexure C



2 SUPPORTING DOCUMENTATION

2.1 Budget Process Overview.

2.1.1 Schedule of key deadlines relating to budget process (MFMA s21(1)(b))

A budget time-table (Schedule of key deadlines) relating to budget process (MFMA s21 (1) (b)) was compiled and submitted to the Council of Makhado. The Council took notice of it and emphasised the adherence to it.

2.1.2 Stakeholders

Stakeholders who attended the IDP Steering Committee meetings and that were attending Representative Forum meetings were from all over the Municipality.

2.1.3 Process for tabling the budget in council for consultation

The IDP and Budget for 2014/2015 were discussed during community meetings that were held at various places. The IDP and Budget documents were open for perusal. These meetings were published in local newspapers, notice boards of the municipal offices and libraries.

2.1.4 Process for tabling the budget in council for consideration of approval

The final budget was tabled to the Council to consider approval in terms of the MFMA during an ordinary meeting of the Council scheduled for 29th May 2013.

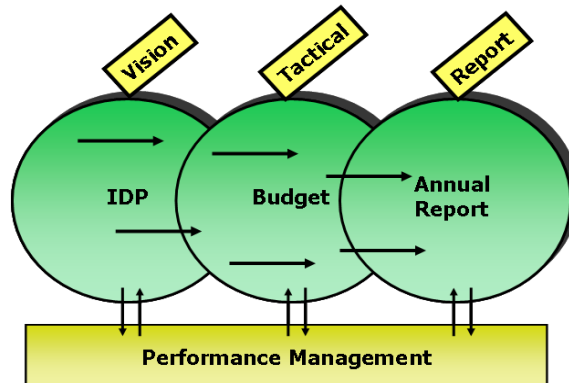
2.1.5 Models used for prioritising resource allocation

The Representative Forum communicated the needs and demands of the community to the meeting. The available funding for capital projects was obtained from the Division of Revenue Act and the Finance Department. Meetings were held by the different departments and the projects as reflected in the IDP were prioritised according to the framework, where possible.

2.1.6 Process to record and integrate inputs from the community in the final budget

The requests / comments that were received from the community were integrated into IDP and Budget document before the final approval by the Council.

2.2 Overview of alignment of budget with Integrated Development



Plan

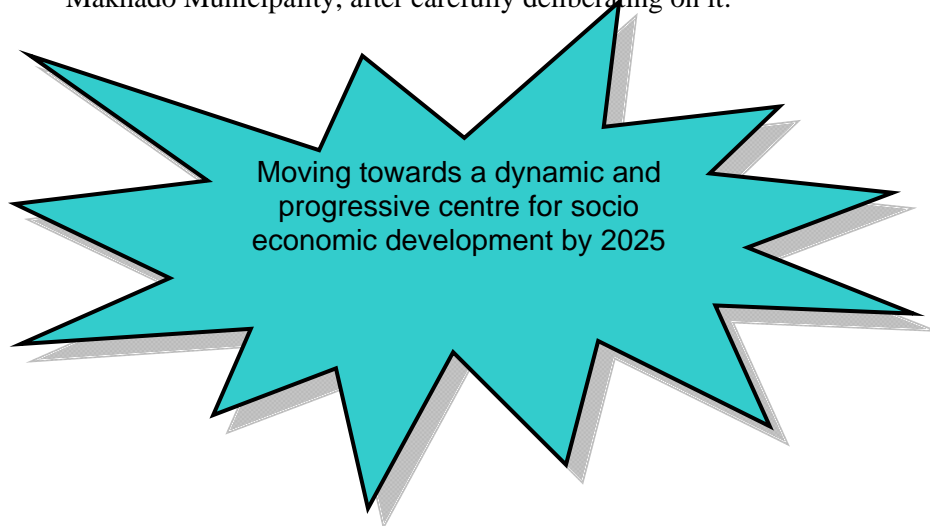
The above illustration clearly indicates that the IDP informs the budget and that the IDP as well as the budget informs the Annual Report. The vision of the council informs the strategies that will have to be put in place to give effect to the objectives of council and the tactical part, which is the budget, is the document that will indicate the availability of the funds to deliver the projects and simultaneously the service delivery to the community. The ultimate results will be the performance of the Council

2.2.1 Review of the Integrated Development Plan

The current Draft IDP to be adopted by the Council is a product of the newly elected Council and will be applicable for the same term of office as Council.

2.2.1.1 Vision for the municipality

The Representative Forum adopted the following vision as the vision of the Makhado Municipality, after carefully deliberating on it:



2.2.2 Strategic focus areas

Development priorities and objectives are clustered in respect to the following key performance areas:

- ❖ Infrastructure and service – Infrastructure services including water, sanitation, solid waste, electricity, roads and storm water and support services including transport, health, libraries, emergency services, housing, etc. in so far as these are applicable to municipalities.
- ❖ Social and local economic development.
- ❖ Financial viability and management.
- ❖ Democratic governance.
- ❖ Sustainability.
- ❖ Institutional transformation.

The above performance areas are based on the following developmental outcomes:

- ❖ Provision of household infrastructure and service.
- ❖ Creation of liveable, integrated towns and rural areas.
- ❖ Local economic development.
- ❖ Community empowerment and redistribution.



2.2.3 Long-term and short term goals or outcomes for the community

Long term goals and short term goals or outcomes identified can be defined as contributory to the building of a sustainable municipality. These goals need to be implemented within the next 5 years. Detail of these goals can be read in the IDP document available on separate report submitted to Council.

2.2.4 Consultative process undertaken to review the IDP

The members of the Representative Forum of the IDP were held meetings with their respective wards and request were brought for evaluation and incorporation into final document.

2.2.5 Service delivery and funding of housing and health services

2.2.5.1 Environmental Health

Municipal Health Services are defined as all functions falling under Environmental Health Services (excluding port health, malaria and control of hazardous substances). The aforementioned functions have been allocated to the District Municipality.

2.2.5.2 Housing

Housing is a National function. The District and Local Municipalities are the implementing agencies and responsible for the management of rental and hostel units.



2.2.6 Tables showing the link between the IDP and budget

The linkage between the IDP and the Budget will be clearly defined in the Supporting Table SA4- SA6:

- ❖ Supporting table SA4 – Reconciliation of IDP and Budget (Revenue)
- ❖ Supporting table SA5 – Reconciliation of IDP and Budget (Operating Expenditure)
- ❖ Supporting table SA6 – Reconciliation of IDP and Budget (Capital Expenditure)

2.3 Measurable performance objectives and indicators

- Refer to annexure 'A' Supporting table SA7.

2.4 Overview of budget related policies

The following budget related policies are applicable to Makhado Municipality and were submitted to the Council together with the budget for adoption on the 29th May 2014:

- 2.4.1 Asset Management Policy
- 2.4.2 Borrowing Policy
- 2.4.3 Budget Policy
- 2.4.4 Credit Control and Debt Collection Policy
- 2.4.5 Debt Write Off Policy
- 2.4.6 Expenditure Management Policy
- 2.4.7 Framework for Cashflow Management
- 2.4.8 Funding and Reserves Policy
- 2.4.9 Investment Policy
- 2.4.10 Property Rates Policy
- 2.4.11 Revenue Management Policy
- 2.4.12 Subsidy for Indigent Household Policy
- 2.4.13 Supply Chain Management Policy
- 2.4.14 Tariff Policy Free Basic Services
- 2.4.15 Travel and Subsistence Policy
- 2.4.16 Uniform Credit Control Policy
- 2.4.17 Virement Policy
- 2.4.18 Property Rates By-Law

Copies of these policies are available at the Municipal Offices and are attached hereto as Annexure D



2.5 Overview of budget assumptions

The following factors were taken into consideration and assumptions made when compiling the budget for 2014/2015 to 2016/2017 financial years, in order to compile a meaningful budget that is easy to understand:

- ❖ External factors utilized during the calculation of the estimated revenue:-
 - population;
 - households;
 - employment;
 - health;
 - development of businesses;
 - new residential areas;
- ❖ The current inflation rate and its impact on the municipal activities;
- ❖ Macro Economic Trends and Growth Rates
- ❖ Interest rates for:
 - borrowing; and
 - investment of funds;
- ❖ Rates, tariffs, charges and timing of revenue collection;
- ❖ Growth or decline in tax base of the municipality;
- ❖ Anticipated price movements on bulk purchases of water and electricity, fuel etc.;
- ❖ Anticipated average salary increases;
- ❖ Demand for the different services;
- ❖ Provision of Free basic services;
- ❖ Grants and subsidies as per Division of Revenue Act;
- ❖ Impact of national, provincial and local policies;
- ❖ Ability of the municipality to spend and deliver the services.

The abovementioned assumptions were developed from the following sources:

- ❖ Information provided by government and Statistics SA;
- ❖ Information gained from reports from the financial system;
- ❖ Local conducted surveys and consumption data in respect of water, electricity, waste, sewerage outflow etc; and
- ❖ The municipality's own analysis of statistical data in respect of actual demand and consumptions in their communities.



2.6 Overview of budget funding

2.6.1 Rates, Tariff and other charges

2.6.1.1 Tariff Schedule

The schedule for tariffs is attached, marked “**Annexure A**”. The Schedule is submitted to Council for adoption and for community consultative process.

2.6.1.2 Investments

- ❖ Supporting table SA15 - Investment particulars by type

2.6.1.3 Grant allocations

- ❖ Supporting table SA18 - Transfers and grants receipts

2.6.2 Fiscal Overview

2.6.2.1 Financial Statements

The 2012/2013 Financial Statements have been completed and submitted and audited by the Auditor General.



2.6.2.2 Capital Budget Summary

2.6.2.2.1 The following table reflects the summary of adjusted capital budget for 2013/2014 financial year as approved by Council:

SUMMARY OF THE ADJUSTED CAPITAL BUDGET AS AT 31 MARCH 2014			
DEPARTMENT	BUDGET	ADJUSTMENT	ADJUSTED
Planning and Development	553,000.00	-	553,000.00
Technical Services	127,271,288.71	45,331,000.00	172,602,288.71
Community Services	5,046,000.00	-	5,046,000.00
Finance	357,765.00	-	357,765.00
Corporate Services	1,300,000.00	-	1,300,000.00
Regional Offices	435,000.00	-	435,000.00
TOTAL	134,963,053.71	45,331,000.00	180,294,053.71
SUMMARY OF ADJUSTED FUNDING SOURCE FOR CAPITAL BUDGET AS AT 31 MARCH 2014			
FUNDING SOURCE	BUDGET	ADJUSTMENT	ADJUSTED
Internally generated funds	26,784,927.62	-	26,784,927.62
Vhembe District Municipality Electrification Grant	1,155,782.00	-	1,155,782.00
Municipal Infrastructure Grant (MIG)	91,318,075.23	45,331,000.00	136,649,075.23
Integrated National Electrification Programme (INEP)	15,384,503.86	-	15,384,503.86
Municipal Finance Management Grant (FMG)	319,765.00	-	319,765.00
TOTAL	134,963,053.71	45,331,000.00	180,294,053.71

2.6.2.2.2 The following table reflects the summary of capital budget for 2014/2015 to 2016/2017 financial years as approved by Council:

DEPARTMENT	2014/2015	2015/2016	2016/2017
Planning and Development	800,000.00	1,000,000.00	750,000.00
Technical Services	138,250,600.00	151,182,355.00	155,282,714.53
Community Services	8,045,000.00	15,550,000.00	15,620,000.00
Budget and Treasury	200,000.00	-	-
Corporate Services	3,645,000.00	1,430,000.00	1,110,000.00
TOTAL	150,940,600.00	169,162,355.00	172,762,714.53

FUNDING SOURCES	2014/2015	2015/2016	2016/2017
Internally generated funds	39,308,600.00	43,598,000.00	37,125,000.01
Municipal Infrastructure Grant	104,432,000.00	110,564,355.00	115,637,714.53
INEP	7,000,000.00	15,000,000.00	20,000,000.00
FMG	200,000.00	-	-
TOTAL	150,940,600.00	169,162,355.00	172,762,714.53



2.6.2.3 Trade Creditors.

All trade creditors are paid on time apart from payment for Bulk Purchase and arrangements are normally made with Eskom for settlement of outstanding amounts.

2.6.2.4 Investments

Investments vary on a continuous basis and are mainly short-term in respect of conditional grants and subsidies received for capital projects.

2.6.2.5 Provision of Free Basic Services

The municipality currently provides the following free basic services and indigent support:-

- ❖ Electricity: A subsidy of fifty (50) units of electricity per property per month to all individual households will apply. Where the consumption exceeds fifty (50) units per month the consumer will be charged for actual consumption exceeding fifty (50) units at the approved tariff.

It is proposed that the maximum amount of subsidisation be determined as set out below: -

Household Income per Month	Subsidy Amount
R0 to one state pensioner	100%
One state pensioner to R1 100	80%
R1 101 to two state pensioners	60%

2.6.2.6 Important Financial Indicators

A summary of key financial indicators for the last three years is as follow:-

- ❖ Majority of investments earmarked for specific trust funds or projects in progress and does not form part of the operating account.

2.7 Expenditure on allocations and grants programmes

- Refer to supporting table SA19.



2.8 Allocations and grants made by the municipality

- ❖ No allocations were made by the Makhado Municipality to:-
 - Other municipalities;
 - Municipal Entities and other external service delivery mechanisms;
 - Any other organs of state; and
 - Any other organisation outside government

2.9 Councillors and board members allowances and employee benefits.

Refer to Annexure 'A' Table SA22.

The above table is a comparison of the total expenditure related to salaries and benefits for the mentioned financial years as per the budget for 2014/2015

The staff salaries budget has been increased by 6.79% across the board as per inflation rate.

The provision for salaries was calculated according to all staff on the payroll as at the end of January 2013.

2.9.1 Breakdown of salaries, remuneration and benefits

The detailed breakdown of the salaries, wages, remuneration and benefits are depicted in Supporting table 8 – 8b:-

- ❖ Supporting table SA23 – Disclosure of salaries, allowances and benefits
- ❖ Supporting table SA22 – Summary of total salaries, wages, allowances and benefits
- ❖ Supporting table SA24 – Summary of personnel numbers

2.10 Monthly targets for revenue, expenditure and cash flow

The monthly cash flows will be reflected in the Supporting table SA27 and SA30:-

- ❖ Supporting table SA30 – Monthly Cash Flows
- ❖ Supporting table SA27- Monthly revenue and expenditure.



2.11 Annual budget and service delivery and budget implementation plans-internal departments

- The service delivery budget implementation plan per department will be furnished on the submission of final budget.

2.12 Annual budget and service delivery agreements-municipal entities and other external mechanisms.

- The Makhado Municipality does not have the municipal entities.

2.13 Contracts having future budgetary implications

- Refer to Annexure 'A' Table SA33

2.14 Capital expenditure details

- Refer to Annexure 'A' Table A5

2.15 Legislation compliance status

2.15.1Municipal Finance Management Act

On July 1, 2004 the Municipal Finance Management Act officially came into effect. This legislation provides for significant changes in the way municipalities in South Africa manage their financial affairs. The legislation not only deals with accounting and finance issues but also deals with general management issues.

While the official date for the legislation was July 1, 2004 the implementation will be phased in up to a maximum of five years. This is due to the fact that the changes required are significant and far-reaching. Councils require time to make the necessary changes and ensure that employees understand and are trained in the required changes.

In terms of implementation, Makhado Municipality has been classified as a medium capacity municipality. The Municipality has made significant progress in the implementation of the MFMA as can be read from the table below.



IMPLEMENTATION OF MUNICIPAL FINANCE MANAGEMENT ACT MONITORING TOOL

CHAP TER	SECTION	CONTENTS	LEGISLATIVE COMPLIANCE DATE	STATUS OF MUNICIPALI TY
4	15	Budgets: Appropriation of funds		Complies
	16	Tabling and approval of budgets before start of financial year	Immediately, with 2014/2015 draft budget to be tabled in Council no later than 31 March 2013 and final budget before the end of May each year.	Complies
	17(1)(c), (d)(ii) and (3)(b)	Contents of budgets and supporting documents	Applies to 2014/2015 budget	Complies
	18	Funding of expenditure	With effect from 2014/2015 budget year	Complies
	19	Capital Projects	Applies to 2014/2015 budget	Complies
	21	Budget preparation process	Budget preparation plan to reach Council before 30 September and annually thereafter	Complies
	22	Publication of annual budget	Immediately after 31 March 2013	Complies
	23	Consultations on budget (Community participation)	Applies to 2013/2014 budget	Complies
	24(2)(c)(iii)	Approval and submission of budgets	Applies to 2013/2014 budget	Complies
		Failure to approve budgets	Immediate	Complies
	25	Consequences of failure	Immediate	Complies
	26, 27	Municipal Adjustment budgets	With effect from 01 July 2013	Complies
	28	Unforeseen, unavoidable, unauthorized, irregular expenditure	Immediate	Complies
	29,30,31,32	Contracts with future budget implications	Immediate	Complies
	33			Complies



CHAP TER	SECTION	CONTENTS	LEGISLATIVE COMPLIANCE DATE	STATUS OF MUNICIPALI TY
5	35	Promotion of co-operative governance	Immediate	Complies
	37	Promotion of co-operative governance	Applies to 2013/2014 Budget	Complies
	38,39,40	Stopping of funds to municipalities	With effect from 1 July 2013	Complies
6	45	Short-term debt repayment	Immediate with S45(4)(a)	Complies
	46,47,48,49,50	Long-debt, debt security, disclosure and guarantees	Immediate	Complies
7	52	Responsibilities of Mayors	Immediate	Complies
	53 1(c)(ii)&(iii), & (3)	Service delivery and budget implementation plans		Complies
	54(1)(b), (c), (d)(i), (3)			Complies
8	60,61	MM to be accounting officer, Fiduciary responsibilities	Immediate	Complies
		Internal audit		Complies
	62(1)(c) & (f)(i)(ii)(iii)			Complies
	62(1)(f)(iv)	Full and proper records and supply chain management		Complies
		Asset and liability management		Complies
	63(2)	Asset & liability management		Complies
	63(1)	Expenditure on staff benefits		Complies
	64,65		Immediate with reports setting out totals for category {i.e. (a) to (g)} by 31 January (for July to December) and 31 July (for January to June) each year	Complies
	66	Funds transferred to organizations & budget preparation	Immediate	Complies
		Monitoring of revenue & expenditure		
	67,68	Submission of draft SDBIP	Immediate	Complies
		Shortfalls & overspendings		
	69(1)&(2)			Complies
	69(3)	Monthly budget statements		Complies
	70			Complies
		Expenditure by vote		
	71(1)(a)(b)(g)			Complies



CHAP TER	SECTION	CONTENTS	LEGISLATIVE COMPLIANCE DATE	STATUS OF MUNICIPALI TY
	(iii), (2)(3)&(4)	Monthly budget statements DORA		
	71(1)(c)&(d)& (g)(iii)	Midyear budget & performance assessment		Complies
	71(1)(e), (f), (5,6,7)			Complies
	72(1)(a)(i)(iii)(iv)	SDBIP		Complies
	(1)(b), (2)&(3)	Reports on failure to implement Budget		
	72 (1)(A)(1) (ii)	General reporting obligation Information for web-sites		Complies
	73			Complies
	74			Complies
	75			Complies
9	80	Budget & Treasury Office establishment	Immediate	Complies
	82	Delegations by Director Finance		Complies
10	84,85,86,	Bank accounts	Immediate.	Complies
11	110,113,114, 115,116,117,1 18	Supply chain management Supply chain management policy		Complies
	111	Policy to comply with framework		Complies
	112	Competency levels		Complies
	119			
	120	PPP-conditions and process		Complies
12	121	Reports & Audits –annually		Complies
	122(1)	Financial statements	Immediate	Complies
	122(3)	Statements – GRAP compliance		Complies
	123	Disclosures on allocations		Complies
	124,125	Disclosures on Councillors	Immediate	Complies
	126,127,128, 129,130,131, 132,133,134	Reports and audit, submissions, consequences, annual reports		Complies



CHAP TER	SECTION	CONTENTS	LEGISLATIVE COMPLIANCE DATE	STATUS OF MUNICIPALI TY
13	135 to 162			
14	165	Internal audit unit	Immediate	Complies
	166	Audit committees		Complies
	167,168,169, 170	Councilors remuneration, treasury regulations, consultative processes		Complies
15	171 to 175	Financial misconduct	Immediate	Complies

Abbreviations:

MM - Municipal Manager or person acting in that capacity
MF - Manager Finance or person acting in that capacity
MCS - Manager Corporate Services or person acting in that capacity
SDBIP – Service Delivery and Budget Implementation Plan
MSA – Municipal Systems Act
PPP – Public Private Partnership

2.16 Annual budget of municipal entities attached to the municipalities annual budget

- The Makhado Municipality does not have the municipal entities.

2.17 Municipal Manager's Quality Certification

QUALITY CERTIFICATE

I **Mr I.P Mutshinyali**, the municipal manager of the **Makhado Local Municipality**, hereby certify that the Annual Budget and supporting documentations have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documentations are consistent with the Integrated Development Plan of the municipality.

Print name: Mr I.P Mutshinyali

Municipal manager of Makhado Local Municipality

Signature _____

Date _____